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**US EXECUTIVE APPROVAL FORM****CUSTOMER NAME: Cooper Industries      3/4/03****Section I – Approval Request:****Request #8:**

1. increase discount to 93.5%
2. license 5750 professional users (20% of total employee population for Cooper Industries and its majority owned subs)
3. add nonstandard language to the ordering doc that covers the following concepts:
  - fees are due and payable net 30 after they go live with 2600 professional users
  - customer must report every 3 months of status of deployment
  - if by 12 months from the Effective Date, 2600 professional users are not using the programs, customer must pay all fees net 30 or return the software and stop all usage.

**CURRENT REQUEST #7:**

Previously approved (3/4)

Need additional discount to compete with last SAP offer to client.

Client requested that hosting services not be included in the ordering document

**HQAPP Request**

1. 93% discount on this purchase
  - Previous list L \$22.360M @ 77% disct = \$ 5.1428M
  - Now list L \$38.86M @ 93% disct = \$2.7M
2. 93% discount hold for future purchases for 5 years as approved previously
3. No increase for the 4 renewal years for support as approved previously
4. Add language to include majority owned subs with list.

**Previously Approved by HQAPP 2/26/2003****Section I - Approval Requests:****PREVIOUS REQUEST #6: Need increased discount to compete with SAP to get the business.****Overall, Oracle 5 yr TCO still more expensive than SAP. Additionally, Oracle plans to bid on on \$9.5M (approx) worth of implementation costs.****Approved by HQAPP 2/26/2003**

1. Increase Discount from 77.3% to 86.5% worst-case

**PREVIOUS REQUEST #5: Approved by HQAPP 2/19/03 as follows:****Approved as requested. #1 approved provided Priscilla/Tim approve. If they are not able to respond by the 8:30 am meeting, go with it.**

Priscilla,

Let us know if you have an issue with #1.

Rich Allison

2/20/03 - We also clarified with Brian that the actual discount was 77.3, not 77% even as was approved.

**Cooper has indicated there are 3 "pinchpoints" for getting the deal done.**

1. Extend hosting flatline from 4 yrs previously approved to 5 yrs
2. Increase license discount from 70% as previously approved to 77% worst-case. SAP has offered discount migrations to My SAP. COM for Cooper Tools and Cooper Power--both SAP customers. We believe the discounts are amount to \$500 a users. Additionally, SAP's charging 17% of net on support and they are not charging for the 1<sup>st</sup> year. .
  - Previous List L: \$20.60M @ 70% disct = \$ 6.18M
  - Now List L: \$22.360M @ 77% disct = \$ 5.1428M

**PREVIOUS REQUEST #4: Approved by HQAPP 1/30/03 as follows:**

This is approved by LJE at a worst case of 70%. There is 80% listed in the deal summary table but that is not approved. Only the 70% worst case is approved. Hopefully we are close to settling on a discount. Alot of these original issues were approved when the discounts were around 50% and we need to keep that in mind.

If you come for another round of discounts please have a good idea of the worst case required to we can assess the deal in total while knowing where we might have to go.

**Our executive team met with Cooper leaders last week.. We are about to start final negotiations and believe we 'll need extra incentive to swing the deal our way.**

3. Increase discount on apps/db deal from 65% as previously approved to 80% worst-case, going in at 65%.
  - A. Previous List L: \$23.38M @ 65% disct = \$ 8.18M
  - B. Now List L: \$20.60M @ 80% disct = \$ 4.12M

Delta in list L due to at \$23M, we had 7400 Emp users on the suite and Payroll for 28,753. HRSS for 18,753 at (\$150). And iRec for 26,753. Now we have 15,000 on Payroll, HRSS, and iRec.

4. If we win the technology portion only, request 65% discount on list L of \$4.014M = \$1.4M net L

**HQAPP Request #3: Approved by HQAPP 1/24/03 as follows:**

This is approved by LJE with the following comments:

-- You need to see Priscilla's other email with her requirements for changes to #1 and #2. You will need to follow her contingencies for both of these requests.

-- For #4, why aren't we licensing for the same 15K employees as the HR programs? Why are we excluding HQ. I'm ok with it as long as there is a good reason. Let me know what it is and then when we draft this contract we need to be very clear on the the specific divisions that we are licensing for all

of the products on this agreement. I don't want there to be any confusion that only these divisions can use the software and for Cooper's benefit we need to make sure that it is clear that only the employee counts for those divisions that are licensed to use drive their user mins for the suite.

1. Customer requesting language that if we can no longer provide hosting services we need to provide 6 months advanced notice of Oracle's intent to terminate.
2. 4 year hosting term based on standard pricing at no price increase over the 4 years
3. Requesting to license Payroll, HR, SS HR, Advanced Benefits via a standard "Person" metric for their US Employees (a total of 15,000 users for each product – 10k for the two subs and 5k for Cooper's HQ)
4. Requesting to license Balanced Scorecard via standard "Employee" metric for their US Employees (a total of 10,000, 5k for each sub). Sales has confirmed that the quantities are correct given the differing customer definitions

Justification:

- Customer only needs one product in the Employee User Suite. Pricing by individual component is preferable rather than giving high discounts on the e-bus suite employee bundle. This way they can upgrade to the bundle in the future or add more a la carte products but either way it leaves us a way to generate more revenue in the future.
- Cooper is concerned if we terminate Oracle's Outsourcing service their business will be at significant risk.
- Cooper also believes this will minimize their risk of price increases.

**HQAPP Request #2 (HQAPP approved 1/8/03 per the underlined below):**

HQAPP APPVL COMMENTS: For #1 - The read only users can only have access to the programs in the Professional User Bundle. They do not need access to the employee bundle as all of those programs are already in the professional bundle. They are approved at the 1495 list price provided it is clear they are read-only and only for the programs in the professional bundle.

We are not approving giving them access to the add-on programs. This is not how the add-ons are licensed. They are licensed via other metrics that are typically not user based. Since they are usually transaction based anyone can have read-only access as long as they don't exceed the transactions (i.e. order lines). If an add-on program does happen to be user based, then we want to require them to license it normally.

It is not approved to give them these read-only users access to anything but the programs in the professional bundle. I am sure that as long as you walk them through how they are licensed this will not be an issue. Similarly, the wording about negotiating fees to access to future add-on programs is not needed.

The other requests are approved by LJE.

All of the below are worst-case approvals.

1. Non-standard "E-Business Suite Professional Read-Only User" at \$1495 list per Employee. This internal user would have read-only access to all suite programs (Professional and Employee) HQAPP – there are no add-on programs at this time, but would request that if they are purchased in this Ordering Document, the Suite Professional Read-Only User will include the add-ons. Additionally, if add-ons are purchased in the future, we'll put language in the contract stating we'll negotiate fees for addn'l read-only usage for those programs in good faith. If no add-ons are purchased in this Order Doc, we'll stay silent.
2. 65% worst-case discount

3. 65% worst-case discount for 3 year price hold. Applies to upfront deal and for Cooper's other majority owned subs provided the majority subs maintain support, meet the mins and migrate all existing licenses per std policy.
4. 5 year flatline, 4% cap year 6-7

For example:

Two Cooper Divisions (Lighting and Crouse-Hinds) – 10,000 Employees

1. 1950 Professional Users
2. 650 Casual Users
3. 7400 Employee Users

Justification:

- Cooper has employees that need to read only static data like reports, BOM, budgets, etc in eBusiness suite yet have access to Employee User programs.
- SAP has a similar metric for read only called "Contractor User" for their suite pricing. "Read Only" will help us remain competitive.
- Partnership is very important to Cooper. Addressing their concern around user definitions will help them feel they are receiving a complete solution and improve our partnering position.

**HQAPP Request #1 – Previously approved 12/2/02 Licenses and Support**

**SECTION I - Approval Requests:** We're responding to an RFP for db and apps and it's down to Oracle and SAP.

We are only in the initial negotiation stages and are requesting approval for discounts at this point. Cooper Industries has several different subsidiaries, two subs will be purchasing the e-business suite, and five other divisions will be purchasing Self Service HR and Payroll. The customer has also requested pricing for a technology development environment

**HQAPP Requests:**

Two Cooper Divisions (Lighting and Crouse-Hinds) – 10,000 Employees. Cooper's holding company is an Oracle apps user, but we do not expect any migrations to affect the deal below.

Products: ebusiness suite, e-business add-ons, Payroll,

Discount: 65% worst-case discount for final pricing negotiations, going in at 40%

Five other Cooper Divisions – 18,753 Employees

Products: Payroll, HR, SS HR, Adv Benefits, HR Intelligence

Products: ebusiness suite, e-business add-ons, Payroll,

Discount: 65% worst-case discount for final pricing negotiations, going in at 40%

**TIER 1 Requests:**

1. 3 year price hold
- 2.

**TIER 2/3 Requests:**

- 1.
- 2.

**Previously approved requests (include date of approval):**

- 1.
- 2.

**SECTION II – Deal Summary:**

<b>Deal Summary</b>	
Programs	EBusiness suite and technology
License Discount	77% (ebiz + 40%) (now 77% worst-case)
Support Discount	77% (ebiz + 40%) (now 77% worst-case)
Comp & Admin Discount	90%
Phased Implementation for Comp & Admin?	See checklist below and forward a spreadsheet to NASINFO/OGEHINFO and Priscilla Morgan for review.
Support Options/Holds	20%, Flatline yrs 1-5, 4% cap yrs 6-7
Price Holds	3 years (we will lead with no price holds)
List License	\$22,361,980 (#5 Applications \$18,347,980, Tech \$4,014,000, Total \$22,361,980) \$23,379,510 (#4: Applications \$16,587,730, Tech 4,014,000, Total \$20,601,730)
List Support	\$5,142,085 (#5 Applications \$4,036,556, Tech \$883,080, Total \$4,919,636) \$5,143,492 (#4: Applications \$3,517,546, Technology 802,800, Total \$4,120,346)
List Comp & Admin	
Net License	\$5,142,085
Net Support	\$1,131,259
Net Comp & Admin	\$1,200,418
Net Total Price	\$7,473,762
Price List Used	11/7/02

<b>Customer History - Existing Price Holds</b>	
Existing contractual discount (price hold)	%
Date of Price List for price hold	11/7/02
When does price hold expire?	
Price hold program categories (database, server, erp, crm, hr/payroll, app suite)	
Name of Agreement if applicable	

**Section III – Justification 1/22/03**

1. It's a better way to go instead of high discounts on the entire employee bundle. This way they can upgrade to the bundle in the future or add more a la carte products but either way it leaves us a way to generate more revenue in the future.

**Section III – Justification 1/17/03**

1. Cooper is concerned if we terminate Oracle's Outsourcing service their business will be at significant risk.
2. Cooper also believes this will minimize their risk of price increases.

**Section III - Justification 1/8/03:**

1. Cooper has employees that need to read only static data like reports, BOM, budgets, etc in eBusiness suite yet have access to Employee User programs.
2. SAP has a similar metric for read only called "Contractor User" for their suite pricing. "Read Only" will help us remain competitive.
3. Partnership is very important to Cooper. Addressing their concern around user definitions will help them feel they are receiving a complete solution and improve our partnering position.

**SECTION III – Justification 12/02/02:**

1. SAP is the incumbent in 2 locations. Client feels they have SAP capability already and has indicated the ability to implement will be easier. We anticipate a highly competitive bidding on the cost of licenses with SAP. We wish to hold on the 40% discount at this time, but feel a 65% discount might be necessary ultimately in the final negotiations. Our plan is to hold at 40% until all sales activity on establishing our value proposition is complete and our meetings are over and the total cost of ownership has been determined. At that time, we expect SAP to become aggressive on licenses requiring us to do so as well.

Cooper Industries has 7 divisions -- two have SAP R/3. In addition, 2 of the 5 non SAP installs, Lighting and Crouse-Hinds will be transitioning from Legacy Systems to new EFP. All 7 divisions are considering moving to a Common HR/PR system. As a result, this will be a very competitive transaction and have been told it most likely will come down to the lowest bidder.

Lighting and C-H have 10,000 employees. 2000 are professional users 8000 employee users. The 5 other divisions have 18,750 employees. We have priced the HR component as follows:

Lighting/C-H	7,990	@ \$400 per employee user (eBusiness Suite)
5 other division	18,753	@ \$150 per employee user (Component Applications Price which includes: HR, Self Service HR, Advanced Benefits, HR Intelligence)

List license fees are \$18,703,610 List support \$4,114,794

Going in price will be \$11,222,166, a 40% discount. Support will equal \$2,468,877 (22% of net fees)  
Worst case license fees will be \$6,546,264 or 65%. Support will equal \$1,440,178 (see spreadsheet attached).

**Recommendation:** I'm assuming that something like this has already been discussed with Safra or Larry. I'll leave it up to them. I can understand beating SAP as long as we view it as simply that versus a revenue opportunity because there is risk that this will cost up money at these price points if there are any issues with implementation.

**Submitted By:** ASM - Bruce McCombs RM – Jay Carter AVP – Matt Mills, Ciandrini, Block

**R:** 3/6/03  
**C:** 3/6/03  
**L:** 3/6/03  
**A:** 3/6/03



**BP: BL**